

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>IN RE:</b>	)	<b>Chapter 7 Case</b>
	)	
<b>MICHAEL A. PELLEGRINO</b>	)	<b>Case No. 18-08362</b>
	)	
<b>Debtor.</b>	)	<b>Honorable LaShonda A. Hunt</b>
	)	<b>Hearing Date: Thursday</b>
	)	<b>November 15, 2018 at 10:00 a.m.</b>

**NOTICE OF MOTION**

PLEASE TAKE NOTICE that on **Thursday, November 15, 2018 at 10:00 a.m.**, or as soon thereafter as counsel may be heard, we shall appear before the Honorable LaShonda A. Hunt, Courtroom 719, United States Courthouse, 219 South Dearborn, Chicago, Illinois, or before any judge who may be sitting in his place or stead, and shall then and there present the ***Motion of Philip V. Martino, Chapter 7 Trustee, to Approve Settlement under Bankruptcy Rule 9019 with Michael Hand***, a copy of which is attached hereto and hereby served upon you, at which time and place you may appear as you see fit.

Dated: October 24, 2018

PHILIP V. MARTINO, Trustee

By: /s/ Philip V. Martino  
One of his attorneys

Philip V. Martino  
Travis J. Eliason  
QUARLES & BRADY LLP  
300 N. LaSalle Street, Suite 4000  
Chicago, Illinois 60654-3406  
(312) 715-5000

**CERTIFICATE OF SERVICE**

Travis J. Eliason, an attorney, certifies that on October 24, 2018, he caused the **Notice of Motion for the Motion of Philip V. Martino, Chapter 7 Trustee, to Approve Settlement under Bankruptcy Rule 9019 with Michael Hand**, to be served by operation of the Court's electronic filing system to all ECF recipients registered in this case.

- Richard H. Fimoff [rfimoff@rsplaw.com](mailto:rfimoff@rsplaw.com)
- Patrick S. Layng [USTPRegion11.ES.ECF@usdoj.gov](mailto:USTPRegion11.ES.ECF@usdoj.gov)
- Jonathan E. Aberman [jaberman@dykema.com](mailto:jaberman@dykema.com)
- Maria A. Diakoumakis [mdiakoumakis@dykema.com](mailto:mdiakoumakis@dykema.com)
- Michael A. Pellegrino [m.pellegrino3@gmail.com](mailto:m.pellegrino3@gmail.com)

In addition to the ECF service, the following parties on the attached service list were served by U.S. mail on October 24, 2018.

**VIA U.S. MAIL**

Michael A. Pellegrino  
651 S. Sutton Road, #209  
Streamwood, Illinois 60107-2366

AMITA Healthcare  
22589 Network Place  
Chicago, IL 60673-1225

AMITA Healthcare  
Alexian Brothers Medical Center  
3040 W. Salt Creek Lane  
Arlington Heights, IL 60005-1069

Advocate Good Shepherd Hospital  
2701 High Point Dr., Suite 124  
Lewisville, TX 75067

Advocate Good Shepherd Hospital  
P.O. Box 4248  
Carol Stream, IL 60197-4248

Advocate Health Care  
P.O. Box 3039  
Hinsdale, IL 60522-3039

Alexian Brothers  
St. Alexius Medical Center  
P. O. Box 3495  
Toledo, OH 43607-0495

Athletico  
709 Enterprise Dr.  
Oak Brook, IL 60523-8814

Best Practices Inpatient Care, Ltd.  
P.O. Box 268  
Lake Zurich, IL 60047-0268

Bryce, Downey, Lenkov LLC  
200 N. LaSalle Street, Suite 2700  
Chicago, IL 60601-1099

City of Chicago  
Emergency Medical Services  
33589 Treasury Ctr.  
Chicago, IL 60694-3500

Creditors Discount & Audit Co.  
415 E. Main St.  
P.O. Box 213  
Streator, IL 61364-0213

Lavelly & Singer  
2049 Century Park East, Suite 2400  
Los Angeles, CA 90067-3126

Lincare Inc.  
3556 Lakeshore Rd., Suite 214  
Buffalo, NY 14219-1400

Lincare Inc.  
P.O. Box 105760  
Atlanta, GA 30348-5760

Mercy Health System  
1000 Mineral Point Ave.  
Janesville, WI 53548-2940

Mercy Health System  
P.O. Box 5003  
Janesville, WI 53547-5003

Michael D. Hand  
100 Corporate Pointe, Suite 210  
Culver City CA 90230-8754

Michael Hand c/o Law & Stein  
2601 Main Street, Suite 1200  
Irvine, CA 92614-4240

MiraMed Revenue Group  
Dept. 77304  
P.O. Box 77000  
Detroit, MI 48277-0304

MiraMed Revenue Group, LLC  
360 E. 22nd St.  
Lombard, IL 60148-4924

Northwest Neurology Ltd.  
22285 Pepper Road, Suite 401  
Barrington, IL 60010-2542

Northwestern Med Fac Foundation  
38693 Eagle Way  
Chicago, IL 60678-1386

Northwestern Med Fac Foundation  
Professional Billing Dept.  
680 N. Lake Shore, Suite 1000  
Chicago, IL 60611-8709

Northwestern Memorial Hospital  
P. O. Box 73690  
Chicago, IL 60673-7690

Premier Arlington Heights  
P.O. Box 674242  
Dallas, TX 75267-4242

Prescription Partners, LLC  
Post Office Box 166363  
Miami, FL 33116-6363

Regency Medical Center, P.C.  
200 Fox Glen Drive  
Barrington, IL 60010-1809

Shuki Levy Productions  
Logan M. Elliott  
2049 Century Park East, #2300  
Los Angeles, CA 90067-3125

St. Alexius Medical Center  
22589 Network Place  
Chicago, IL 60673-1225

St. Alexius Medical Center  
Attn: PFS Alexian Assistance Team  
3040 W. Salt Creek Lane  
Arlington Heights, IL 60005-1069

St. Joseph Hospital Pl.  
2900 N. Lake Shore Drive  
Chicago, IL 60657-6274

State Collection Service, Inc.  
2509 S. Stoughton Rd.  
Madison, WI 53716-3314

State Collection Service, Inc.  
P.O. Box 6250  
Madison, WI 53716-0250

Suburban Orthopaedics LLC  
1110 West Schick Road  
Bartlett, IL 60103-3007

Wheaton Eye Clinic  
2015 North Main Street  
Wheaton, IL 60187-3190

Parties may access this filing through the Court's system.

/s/ Philip V. Martino

Philip V. Martino

I SWEAR UNDER PENALTY OF PERJURY  
THAT THE FOREGOING IS TRUE AND CORRECT

Philip V. Martino  
Travis J. Eliason  
QUARLES & BRADY LLP  
300 N. LaSalle Street, Suite 4000  
Chicago, Illinois 60654-3406  
(312) 715-5000

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

<b>IN RE:</b>	)	<b>Chapter 7 Case</b>
	)	
<b>MICHAEL A. PELLEGRINO</b>	)	<b>Case No. 18-08362</b>
	)	
<b>Debtor.</b>	)	<b>Honorable LaShonda A. Hunt</b>
	)	<b>Hearing Date: Thursday</b>
	)	<b>November 15, 2018 at 10:00 a.m.</b>

**MOTION OF PHILIP V. MARTINO,  
CHAPTER 7 TRUSTEE, TO APPROVE SETTLEMENT UNDER  
BANKRUPTCY RULE 9019 WITH MICHAEL HAND**

Philip V. Martino, the duly appointed and serving Chapter 7 trustee (“**Trustee**”) for the estate of the above-captioned debtor (the “**Debtor**”), by his attorneys, respectfully requests that the Court enter an Order, pursuant to Bankruptcy Rule 9019, approving the settlement set forth below reached between Trustee and Michael Hand (“**Hand**”). In support, Trustee states:

**Jurisdiction**

1. This Court has jurisdiction pursuant to 28 U.S.C. §§ 157 and 1334(a) and Internal Operating Procedure 15(a) of the United States District Court for the Northern District of Illinois.
2. Venue is proper in this District pursuant to 28 U.S.C. §§ 1408 and 1409.
3. This motion is a core proceeding pursuant to 28 U.S.C. § 157(b).
4. The statutory basis for the relief requested herein is Federal Rule of Bankruptcy Procedure 9019.

### **Background**

5. On March 22, 2018, (the “**Petition Date**”), the Debtor, through counsel, filed a voluntary petition for relief under Chapter 7 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”), and Trustee was appointed.

6. On August 15, 2018, counsel for the Debtor was granted leave to withdraw. *See* Dkt. No. 39. Debtor has not retained separate counsel since that time.

7. According to the Debtor’s schedules, the Debtor asserts that he has: (a) a 100% ownership interest in Relentless Entertainment, LLC (“**Relentless**”); (b) a 49% ownership interest in Wonderfish Media, LLC (“**Wonderfish**”); and (c) an ownership interest in certain intellectual property concepts more fully described in Section 26 of Schedule A/B (the “**IP**”). *See* Dkt. No. 1, Schedule A/B, pp. 3-4.

8. Hand asserts that the Debtor has no interest in Relentless or Wonderfish. Rather, Hand asserts that the Debtor was formerly the non-equity owning manager of Relentless until being removed by Hand; that Wonderfish is equally owned by Relentless and an unrelated third party limited liability company; and prior to being removed by Relentless, the Debtor acted as Relentless’ representative for co-management of Wonderfish.

9. Hand also asserts that Relentless bought and paid for the IP directly from its creator, Shuki Levy (“**Levy**”), and that the Debtor has no interest in the IP.

10. Hand next asserts that certain funds belonging to Relentless were fraudulently converted and used by the Debtor to purchase two residences in Bartlett, Illinois (the “**Real Property**”), originally in the names of the Debtor’s mother, in one instance, and the Debtor and his wife, in the other instance. Hand asserts that, based upon the Debtor’s alleged use of Relentless’ funds for the acquisition of the Real Property, Relentless is the equitable owner of the

Real Property and all causes of action related to the purportedly converted funds (the “**Causes of Action**”), and that the bankruptcy estate has no claim to either the Real Estate or the Causes of Action.

11. Lastly, Hand asserts that he owns a minority interest in The Authors World, LLC (“**TAW**”), and that, although Debtor has not scheduled an ownership interest in TAW, it is Hand’s belief that Debtor owns the balance of TAW. Hand asserts that he is a passive investor/creditor of TAW and has no knowledge of TAW’s assets or liabilities.

12. According to Debtor’s Statement of Financial Affairs, there is currently pending in the state of California: (a) litigation between Levy’s production company, on the one hand, and Debtor and Wonderfish, on the other, which, upon information and belief, relates to Wonderfish and the IP and (b) litigation between Hand and Debtor which, upon information and belief, relates to Relentless, Wonderfish, TAW and Debtor’s improper use of funds provided by Hand. Upon information and belief, the foregoing litigation relates to certain of the Assets (as defined below) and that litigation is protracted and full of personal animus. Dkt. No. 1, SOFA, p. 3.

#### **Estate Liquidation to Date**

13. This estate has no liquid assets and the assets it does have are embroiled in litigation. While Trustee has spoken with counsel for Levy, he has not received any offer from him to purchase the estate’s position in the assets claimed by Hand. Thus, Hand’s offer is the only—and therefore the best—for assets that promise little more than a seat in a courtroom.

#### **SETTLEMENT TERMS**

14. In the interest of resolving their disputes cost-effectively and avoiding the delay, expense, and uncertainty inherent in litigation, Trustee and Hand have agreed to settle any and

all claims the estate may have with respect to Relentless, Wonderfish, TAW, the IP, the Real Property, and the Causes of Action (collectively, the “**Assets**”). The terms of the Settlement are as follows:<sup>1</sup>

- (a) Payment to the Estate. In exchange for and prior to Trustee’s performance under subpart (b), Hand has agreed that he will pay to the estate the sum of Five Thousand and 00/100 (\$5,000.00) in certified funds, to be paid in a manner acceptable to Trustee in his sole discretion.
- (b) Quit Claim of Assets. In exchange for and upon Hand’s performance under subpart (a), Trustee has agreed to quit claim the estate’s interest in the Assets to Hand, without warranty or representation as to ownership or value of the Assets, and without prejudice to the claims of any third-party with respect to the Assets.

### **LEGAL ARGUMENT**

15. Trustee asks the Court to enter an order approving the Settlement.

16. The Court has broad discretion under Fed. R. Bankr. P. 9019(a) to approve a settlement provided that it is in the best interests of the Debtor’s estate. *See In re American Reserve Corp.*, 841 F.2d 159, 161 (7th Cir. 1987). The Court need not, however, “conclusively determine claims subject to compromise, nor find that the settlement constitutes the best result obtainable.” *In re Apex Oil Co.*, 92 B.R. 847, 867 (Bankr. E.D. Mo. 1988) (citing *In re W.T. Grant Co.*, 699 F.2d 599, 613 (2d Cir. 1983)). Similarly, “a precise determination of likely outcomes is not required, since ‘an exact judicial determination of the values in issue would defeat the purpose of compromising the claim.’” *In re Telesphere Communications*, 179 B.R. 544, 553 (Bankr. N.D. Ill. 1994) (quoting *In re Energy Co-Op, Inc.*, 886 F.2d 921, 929 (7th Cir. 1989)). All that is required is for the Court to “canvass the issues to determine that the settlement does not fall ‘below the lowest point in the range of reasonableness.’” *Apex Oil*, 92 B.R. at 867 (citation omitted).

---

<sup>1</sup> Trustee and Hand intend that any Order entered by the Court will function as Trustee and Hand’s written Settlement Agreement.

17. In assessing a proposed compromise, the Court must consider: (i) the estate's probability of success in the litigation; (ii) the cost and complexity of the litigation; and (iii) the creditors' views on the settlement, although such views are not controlling. *American Reserve*, 841 F.2d at 161-62; *Apex Oil*, 92 B.R. at 867.

18. Here, the cost and expense to the Trustee of pursuing the estate's interest, if any, in the Assets would be substantial, given the complexity of Hand's allegations, the nature of the transactions at issue, and the above-referenced litigation already pending in California. Moreover, the estate has no funds to expend on inherently uncertain litigation.

19. Trustee and Hand have engaged in arm's-length negotiations regarding the issues addressed by the Settlement. Trustee has concluded in his business judgment that the Settlement is in the best interests of the Debtor's estate. The Settlement will (a) bring funds into the estate for the benefit of unsecured creditors, and (b) avoid the time and expense attendant to the Trustee pursuing claims with respect to the Assets, against which Hand has indicated an intent to vigorously defend. Resolution of these issues will permit the Trustee to fully administer and close the Debtor's bankruptcy estate in a more efficient and expeditious manner.

20. For all of the reasons set forth herein, the Trustee asks that the Court enter an order approving the Settlement.

### **Notice**

21. This Motion has been filed electronically, and notice thereof will be provided electronically on the date hereof, via the Court's CM/ECF System, to (a) counsel for the United States Trustee, and (b) entities, or their counsel, who have filed a notice of appearance through the Court's CM/ECF System. Additionally, this Motion and notice thereof will be served on the Debtor via U.S. mail and via electronic mail. Further, this Motion and notice thereof will be



served on all creditors listed on the Creditor Mailing Matrix via U.S. Mail. The Trustee asks the Court to find that such notice is sufficient and to approve the same under Fed. R. Bankr. P. 9007.

**WHEREFORE**, Trustee prays that an order be entered (i) approving the Settlement as described herein, and (ii) granting such further relief as is reasonable and just.

Dated: October 24, 2018

PHILIP V. MARTINO, Trustee

By: /s/ Philip V. Martino  
One of his attorneys

Philip V. Martino  
Travis J. Eliason  
QUARLES & BRADY LLP  
300 N. LaSalle Street, Suite 4000  
Chicago, Illinois 60654-3406  
(312) 715-5000